



State Unemployment Tax Act

The State Unemployment Tax Act (SUTA) tax rating system in Indiana provides for variable tax rates for employers, based on each employer's individual unemployment account history and the past year's statewide unemployment activity. A separate account is maintained for every reporting employer. A ratio is calculated for each employer based on their account balance and recent taxable wages reported. This calculated ratio is applied to a rate schedule, determined each year by the unemployment activity within the state, which determines each individual employer's tax rate for the year.

Other factors, including benefits paid to former employees, voluntary payments made, and the partial selling and purchasing of other businesses by the employer also impact each employer's rate. Employer tax rates may also be affected by provisions of the law, which involve the employer's length of time subject to SUTA, recent reporting activity and delinquent report/tax status.

While FUTA is a fixed tax, SUTA is determined by using an experience rating system. This is similar to business insurance in that a risk assessment is made each year before the tax rate is assigned for the following year.